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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Interim Administration Mission in Kosovo

Financial performance report for the period from 1 July 2006 to 30 June 2007, financing arrangements for the period from 1 July 2007 to 30 June 2008 and proposed budget for the period from 1 July 2008 to 30 June 2009 of the United Nations Interim Administration Mission in Kosovo

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2006/07	$217,962,000
Expenditure for 2006/07	$210,192,000
Unencumbered balance for 2006/07	$7,770,000
Appropriation for 2007/08	$210,676,800
Projected expenditure for 2007/08	$220,476,400[a]
Estimated overexpenditure for 2007/08	($9,799,600)[a]
Proposal submitted by the Secretary-General for 2008/09	$198,012,000
Recommendation of the Advisory Committee for 2008/09	$198,012,000

[a] Estimate included in Secretary-General's note (A/62/801) as at 30 April 2008.

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I. Introduction

1. **The Advisory Committee on Administrative and Budgetary Questions recommends approval of the proposals of the Secretary-General for the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2008 to 30 June 2009.**

2. The Advisory Committee's general report on the administrative and budgetary aspects of United Nations peacekeeping operations (A/62/781) contains its views and recommendations on a number of cross-cutting issues. In the present report, the Committee deals with resources and other items that relate specifically to UNMIK.

3. The documents reviewed and those used for background by the Advisory Committee in its consideration of the financing of UNMIK are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2006 to 30 June 2007

4. The General Assembly, in its resolution 60/275, appropriated to the Special Account for UNMIK an amount of $217,962,000 for the maintenance of the Mission for the period from 1 July 2006 to 30 June 2007. Expenditures for the period totalled $210,192,000 gross ($193,826,700 net). The resulting unutilized balance of $7,770,000 gross ($7,598,700 net) represents, in gross terms, 3.6 per cent of the appropriation and reflects underexpenditures under military and police personnel ($624,900), civilian personnel ($5,382,300) and operational costs ($1,762,800).

5. The underexpenditure under military and police personnel is the net effect of reduced requirements for United Nations police ($2,373,400) owing to fewer rotation trips than budgeted (2,450 actual rotation trips and 29 repatriation trips compared to 3,192 rotation trips budgeted) as a result of lower deployment levels than budgeted. These were offset by additional requirements for formed police units ($1,769,500) owing to a greater number of special police personnel than budgeted (499 formed police actually deployed compared to 398 budgeted), as a result of the deterioration of the security situation in November 2006 and the need to retain a unit of 115 personnel in the Mission area.

6. The underexpenditure of $5,382,300 under civilian personnel is due mainly to higher-than-budgeted vacancy rates for international staff and United Nations Volunteers (actual vacancy rates averaged 19.2 and 11.7 per cent compared to budgeted rates of 10 and 5 per cent respectively) and lower actual grade levels of national General Service staff than budgeted (G-4, step IV, compared to the budgeted level of G-4, step VIII).

7. The underexpenditure under operational costs ($1,762,800) is due mainly to reduced requirements for facilities and infrastructure ($1,192,200), information technology ($1,022,500) and communications ($567,700), offset by additional requirements for ground transportation ($814,200), official travel ($289,300) and other supplies, services and equipment ($280,300). These are explained in paragraphs 15 to 26 of the performance report (A/62/610).

8. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period from 1 July 2008 to 30 June 2009 below.

III. Information on performance for the current period

9. The Advisory Committee was informed that, as at 30 April 2008, a total of $2,570,192,800 had been assessed on Member States with respect to UNMIK since its inception. As at the same date, payments amounted to $2,521,311,200, leaving an outstanding balance of $48,881,600. As at 2 June 2008, UNMIK had cash resources of $6,600,000. The Mission's available cash balance therefore will not cover the three-month operating cash reserve of $56,068,800.

10. The Advisory Committee was informed that amounts of $2,795,500 as at 30 April 2008 and $8,971,500 as at 31 December 2007 were due to Member States for reimbursement of costs related to formed police units and formed police-owned equipment respectively. With regard to death and disability compensation, as at 22 May 2008, an amount of $49,500 had been paid in respect of 24 claims for death and disability compensation, unliquidated obligations amounted to $882,600 and there was one claim pending.

11. The Advisory Committee was informed that as at 30 April 2008, the incumbency of UNMIK for the period from 1 July 2007 to 30 June 2008 was as follows:

Category	*Authorized*[a]	*Encumbered*	*Vacancy rate (percentage)*
Military and police personnel			
Military liaison officers	38	38	—
United Nations police	1 565	1 440	8
Formed police units	513	485	5.5
Civilian personnel			
International staff	605	433	28.4
National staff	2 037	1 889	7.3
General temporary assistance			
International positions	3	2	33.3
National positions	1	—	100.0
United Nations Volunteers	162	132	18.5

[a] Represents the highest authorized strength.

12. The Advisory Committee also had before it a note by the Secretary-General on financing arrangements for UNMIK for the period from 1 July 2007 to 30 June 2008 (A/62/801) concerning unforeseen additional requirements for the current period in the amount of $21,599,400. The projected additional requirements are primarily the result of: (a) the appreciation of the value of the euro vis-à-vis the dollar by 12.6 per cent, leading to increased expenditures in respect of United Nations military liaison

and police officers and national staff, as well as increased costs of services; (b) an increase in the price of diesel fuel by 42.9 per cent; (c) increases relating to new catering, cleaning and laundry services contracts; and (d) the cost of deployment by means of airlift of an additional unit of 125 special police personnel.

13. The Secretary-General indicated in paragraph 5 of the report that, of the additional requirements of $21,599,400 projected for 2007/08, $11,799,800 would be accommodated from within the appropriation approved by the General Assembly for the period, resulting in net additional requirements of $9,799,600.

IV. Proposed budget for the period from 1 July 2008 to 30 June 2009

A. Mandate and planned results

14. The mandate of the Mission was established by the Security Council in its resolution 1244 (1999). The Advisory Committee notes that the Secretary-General indicated that, pending guidance from the Council, the United Nations will continue to operate on the understanding that resolution 1244 (1999) remains in force and constitutes the legal framework for the mandate of UNMIK and that UNMIK will continue to implement its mandate in the light of the evolving circumstances (see S/2008/211, paras. 4 and 32). The Secretary-General further indicated that the evolving reality in Kosovo was likely to have significant operational implications for UNMIK and that, pending Security Council guidance, there might be a need for UNMIK to adjust its operational deployment to reflect developments and changes on the ground (ibid., para. 32).

B. Resource requirements

15. The estimated requirements for UNMIK for the period from 1 July 2008 to 30 June 2009 amount to $198,012,000 gross ($182,733,600 net), representing a decrease of $12,664,800 in gross terms, or 6.0 per cent, compared with the apportionment of $210,676,800 for 2007/08. The decrease is due to reduced requirements under civilian personnel, reflecting the application of higher vacancy rates, as well as under operational costs, resulting from the non-acquisition of replacement and additional equipment. The reduction in the resource requirements is partially offset by an estimated 6.9 per cent appreciation in the value of the euro with respect to the United States dollar compared to the exchange rate utilized for 2007/08 (a proposed exchange rate of €0.747 to the United States dollar for 2008/09 compared to the €0.802 utilized for 2007/08).

1. Military and police personnel

Category	*Approved 2007/08*	*Proposed 2008/09*	*Variance*
Military liaison officers	38	38	—
United Nations police	1 565	1 565	—
Formed police units	513	500	(13)

16. The estimated requirements for military personnel for the period from 1 July 2008 to 30 June 2009 amount to $65,011,000, an increase of $2,927,700, or 4.7 per cent, compared to the apportionment for 2007/08. The increase is attributable mainly to a 6.9 per cent increase in the exchange rate of the euro with respect to the United States dollar, offset in part by decreased requirements relating to the reduction in the authorized strength of formed police personnel from 513 in 2007/08 to 500 in 2008/09. Turnover factors have been applied as follows: 2 per cent for military liaison officers and formed police units and 10 per cent for United Nations police.

2. Civilian personnel

Category	*Approved 2007/08*	*Proposed 2008/09*[a]	*Variance*
International staff	605	605	—
National staff[b]	2 037	2 037	—
United Nations Volunteers	162	162	—

[a] Excludes four positions funded under general temporary assistance.
[b] Includes National Officers and national General Service personnel.

17. The estimated requirements for civilian personnel for the period from 1 July 2008 to 30 June 2009 amount to $110,621,300, reflecting a decrease of $14,767,200, or 11.8 per cent, in comparison with the apportionment for 2007/08. With the staffing establishment remaining the same as in 2007/08, reduced requirements reflect the application of higher vacancy factors for 2008/09 in comparison with the 2007/08 financial period, as follows: 30 per cent for international staff in 2008/09, as compared with 15 per cent for 2007/08; 10 per cent for national staff for 2008/09 as compared with 5 per cent in 2007/08; 25 per cent for United Nations Volunteers for 2008/09 as compared with 10 per cent in 2007/08; and 30 per cent and 15 per cent respectively for international and national positions funded under general temporary assistance in 2008/09 as compared with 15 and 5 per cent in 2007/08.

18. Upon enquiry, the Advisory Committee was informed that the following measures had been taken in an effort to retain qualified and experienced staff, as well as to address other staff concerns (see A/62/687, sect. V.B):

(a) Contracts of national staff have been extended to 31 December 2008 and a letter has been sent to well-performing international staff whose continued services are needed, reassuring them that their contracts would be extended to 31 December 2008 subject to approval by the General Assembly of the 2008/09 proposed budget. Eligible staff would be paid a termination indemnity, as provided for under the staff rules and regulations, should their contracts be terminated prior to the date of expiration;

(b) The Field Personnel Division of the Department of Field Support has continued to apply flexibility in approving the extension of appointments of 22 staff members beyond the mandatory age of retirement;

(c) Career development specialists from the Field Personnel Division and members of the African Union-United Nations Hybrid Operation in Darfur recruitment unit and the United Nations Mission in the Central African Republic and Chad "tiger team" are visiting UNMIK from 31 May to 14 June 2008 to conduct

individual interviews to assess staff members' interests, skills and experience and to identify placement possibilities in missions with high vacancy rates for a temporary period of three months pending the completion of a normal selection process;

(d) Priority placement will be given in other missions to UNMIK international staff who are no longer required, in line with the established downsizing policy.

The Advisory Committee expects that any measures and initiatives will be carried out in accordance with the staff regulations and rules as well relevant human resources management policies.

3. Operational costs

(United States dollars)

Apportioned 2007/08	*Proposed 2008/09*	*Variance*
23 205 000	22 379 700	(825 300)

19. The estimated operational requirements for the period 2008/09 represent a decrease of $825,300, or 3.6 per cent, compared to the apportionment for the period 2007/08. Major factors contributing to the variance include reduced costs for the rental of the Mission's helicopter based on new contractual arrangements and the non-acquisition of additional and replacement communications and information technology equipment.

4. Other matters

20. The Advisory Committee also had before it a report of the Office of Internal Oversight Services on the comprehensive audit of the UNMIK mandate implementation (A/62/807). The Committee notes that the report raises important concerns, some of which have also been discussed in the report of the Board of Auditors on the audit of the United Nations peacekeeping accounts and operations for the financial period ended 30 June 2007 (see A/62/5 (Vol. II), chap. II). The Mission had prepared a response to the report (see A/62/807, summary).

V. Conclusion

21. The actions to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2006 to 30 June 2007 are indicated in paragraph 27 of the performance report (A/62/610). **The Advisory Committee recommends that the unencumbered balance of $7,770,000, as well as other income and adjustments in the amount of $5,695,200, for the period ended 30 June 2007 be credited to Member States in a manner to be determined by the Assembly.**

22. The action to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2007 to 30 June 2008 is indicated in paragraph 16 of the note by the Secretary-General on financing arrangements (A/62/801). **Given the Mission's cash situation (see para. 9 above and A/62/801, para. 15), the Advisory Committee recommends approval of the Secretary-**

General's request. Accordingly, the Committee recommends that the Assembly appropriate and assess the amount of $9,799,600 for the maintenance of the Mission for the 12-month period from 1 July 2007 to 30 June 2008, in addition to the amount of $210,676,800 already appropriated for the same period under the provisions of Assembly resolution 61/285.

23. The actions to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2008 to 30 June 2009 are indicated in paragraph 43 of the proposed budget (A/62/687). **The Advisory Committee recommends that the Assembly appropriate and assess the amount of $198,012,000 for the maintenance of the Mission for the 12-month period from 1 July 2008 to 30 June 2009.**

Documentation

- Performance report on the budget of the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2006 to 30 June 2007 (A/62/610)
- Budget for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2008 to 30 June 2009 (A/62/687)
- Financing arrangements for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2007 to 30 June 2008 (A/62/801)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/62/781)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2005 to 30 June 2006 and proposed budget for the period from 1 July 2007 to 30 June 2008 of the United Nations Interim Administration Mission in Kosovo (A/61/852/Add.8)
- Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo (S/2008/211)
- General Assembly resolutions 60/275 and 61/285 on the financing of the United Nations Interim Administration Mission in Kosovo
- Security Council resolution 1244 (1999)